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UNCLAS PORT AU PRINCE 001079

SIPDIS

STATE FOR WHA/CAR
EB/IFD/ODF FOR MARGUERITE SIEMER
EB/IFD/OMA
WHA/EPSC
INR/IAA/MAC
STATE PASS AID FOR LAC/CAR
TREASURY FOR ERIN NEPHEW

E.O. 12958: N/A

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SUBJECT: HAITI: INFLATION CONTINUES AT HIGH LEVEL

¶1. Summary. Year-on-year inflation in June registered 15.8 percent, up slightly from 15.6 percent in May but down from 16.5 percent in April and 16.3 percent in March. However, the month-to-month inflation figure for June was 1 percent vs. 0.5 percent for May. Sharp increases in food, fuel and transportation costs have spurred inflation in recent months as Haiti heavily depends on food and fuel imports to meet consumer needs. End summary.

¶2. As a net importer of food and fuel, Haiti's Consumer Price Index (CPI) basket is heavily weighted toward food, fuel, and public transportation. These product categories make up approximately 67 percent of the CPI, with food products comprising 50 percent of the total. Worldwide food and fuel price increases, therefore, have a disproportionately major impact on Haiti's inflation rate.

¶3. According to data released by the Haitian Institute of Statistics, the CPI grew by 1.0 percent in June and 0.5 percent in May. The 1.0 percent monthly variation in CPI in June over May was largely due to increases in the following indexes: food and beverages (1.1 percent); clothing and shoes (1.4 percent); and rent, utilities and water (1.1 percent).

¶4. The increase in the food and beverages index is attributable to price increases for rice (1.1 percent), ground corn (4.0 percent), bread (4.7 percent), goat meat (3.4 percent), chicken (2.9 percent), unsweetened evaporated milk (2.9 percent), cooking oil (3.4 percent), sweet potatoes (2.0 percent), and raw and refined sugar (0.6 percent). The cost of clothing and shoes increased 1.4 percent in June compared to May and rent, electricity and water increased by 1.1 percent.

¶5. The impact of price increases was more severe in the Northern region (North, Northeast, and Northwest departments) where the month-to-month inflation rate was 1.7 percent, followed by the metropolitan region (including Port-au-Prince and surrounding urban communities) at 1.0 percent.

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